CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023
(Expressed in United States dollars)
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in thousands of United States dollars
(Unaudited)

As at	Note		March 31, 2023		December 31, 2022
ASSETS					
Current					
Cash and cash equivalents		$	641	$	523
Receivables	4		1,319		1,180
Inventories	5		9,359		9,971
Gold stream derivative asset	6		326		346
Prepaid expenses, and other			929		884
Total current assets			12,574		12,904
Advances and other prepaid expenses			1		3
Exploration and evaluation assets	7		765		765
Mineral property, plant and equipment	8		31,993		31,499
TOTAL ASSETS		**$**	**45,333**	**$**	**45,171**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	9	$	12,101	$	12,678
Term loans	10		14,288		2,771
Derivative liability	10		20		18
Provision for reclamation and rehabilitation	11		823		689
Total current liabilities			27,232		16,156
Accrued liabilities	9		925		1,131
Provision for reclamation and rehabilitation	11		2,045		1,944
Term loans	10		-		12,270
Total liabilities			30,202		31,501
Shareholders' equity					
Share capital	12		88,206		88,021
Contributed surplus	12		11,973		12,087
Accumulated other comprehensive income			1,405		1,402
Deficit			(86,453)		(87,840)
Total shareholders' equity			15,131		13,670
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**45,333**		**45,171**

Approved by the Audit Committee of the Board of Directors on May 26, 2023

"John Hick", Audit Committee Chair *"Akiba Leisman"*, Director

Events after the reporting period (Note 19)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
Expressed in thousands of United States dollars, except per share amounts
(Unaudited)

For the three months ended	Note		March 31, 2023		March 31, 2022
Revenue		$	15,814	$	17,217
Production services revenue	6 & 13(e)(ii)		102		62
			15,916		17,279
Cost of sales					
Production costs			(6,911)		(7,632)
Write-down of inventories			(816)		-
Depreciation, depletion and amortization			(3,697)		(5,069)
			(11,424)		(12,701)
Mine operating profit			4,492		4,578
Exploration and evaluation expenses			(692)		(1,865)
General and administrative expenses	17		(1,491)		(1,741)
Other income (expense)					
Accretion and interest expense	18		(443)		(1,137)
Change in provision for reclamation and rehabilitation	11		(4)		(26)
Change in fair value of derivative liability	10(b)		(3)		83
Gain on gold stream derivative asset	6		38		71
Foreign exchange loss			(13)		(407)
Interest income			2		-
Income (loss) before income taxes			1,886		(444)
Income tax expense			(499)		(542)
Income (loss) for the period		**$**	**1,387**	**$**	**(986)**
Other comprehensive income (loss)					
Income (loss) for the period			1,387		(986)
Items subject to reclassification into statement of income (loss):					
Foreign currency translation adjustment			3		245
Other comprehensive income for the period			3		245
Comprehensive income (loss) for the period		**$**	**1,390**	**$**	**(741)**
Basic and diluted income (loss) per common share		$	0.02	$	(0.01)
Weighted average common shares outstanding - basic (thousands)			65,757		65,914
Weighted average common shares outstanding - diluted (thousands)			65,885		-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in thousands of United States dollars
(Unaudited)

	Number of shares (000s)		Share capital		Contributed surplus		Accumulated other comprehensive income (loss)		Deficit		Total
Balance at December 31, 2021	**65,931**	**$**	**88,259**	**$**	**11,603**	**$**	**1,763**	**$**	**(75,657)**	**$**	**25,968**
Shares cancelled	(10)		(139)		-		-		(144)		**(283)**
Common shares issued on DSU vesting	-		-		-		-		-		**-**
Share-based compensation	-		-		135		-		-		**135**
Net loss	-		-		-		-		(986)		**(986)**
Other comprehensive loss	-		-		-		245		-		**245**
Balance at March 31, 2022	**65,921**	**$**	**88,120**	**$**	**11,738**	**$**	**2,008**	**$**	**(76,787)**	**$**	**25,079**
Shares cancelled	(198)		(150)		-		-		(62)		**(212)**
Common shares issued on DSU vesting	20		51		(51)		-		-		**-**
Share-based compensation	-		-		400		-		-		**400**
Net loss	-		-		-		-		(10,991)		**(10,991)**
Other comprehensive loss	-		-		-		(606)		-		**(606)**
Balance at December 31, 2022	**65,743**	**$**	**88,021**	**$**	**12,087**	**$**	**1,402**	**$**	**(87,840)**	**$**	**13,670**
Common shares issued on RSU vesting	76		185		(185)						
Share-based compensation	-		-		71		-		-		71
Net income	-		-		-		-		1,387		1,387
Other comprehensive loss	-		-		-		3		-		3
Balance at March 31, 2023	**65,819**	**$**	**88,206**	**$**	**11,973**	**$**	**1,405**	**$**	**(86,453)**	**$**	**15,131**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in thousands of United States dollars

(Unaudited)

For the three months ended	Note		March 31, 2023		March 31, 2022
Operating activities					
Net (loss) income for the period		$	1,387	$	(986)
Non-cash items:					
Accretion and interest expense			437		915
Depreciation, depletion and amortization			3,740		5,072
Change in provision for reclamation and rehabilitation			4		26
Writedown of inventory			816		-
Lease interest			5		-
Change in fair value of derivative liability			3		42
Gain on gold stream derivative asset			19		-
Share-based payments			71		135
Unrealized foreign exchange loss			(4)		492
		$	6,478	$	5,696
Changes in non-cash working capital	16		(5,039)		1,036
Net cash provided by operating activities			1,439		6,732
Investing activities					
Expenditures on mineral property, plant and equipment			(365)		(3,100)
Net cash used in investing activities		$	(365)	$	(3,100)
Financing activities					
Purchase of common shares - NCIB			-		(283)
Repayment of term loans			(947)		(4,619)
Payments on lease liability			(24)		-
Net cash (used in) provided by financing activates		$	(971)	$	(4,902)
Effect of foreign exchange on cash and cash equivalents			15		14
Change in cash and cash equivalents			118		(1,256)
Cash and cash equivalents, beginning of period			523		1,944
Cash and cash equivalents, end of period		**$**	**641**	**$**	**688**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Mako Mining Corp. ("Mako" or the "Company") was incorporated on April 1, 2004, under the laws of the Yukon Territory and continued into British Columbia under the British Columbia Corporations Act. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol MKO. The address of the Company's corporate office and principal place of business is Suite 700 – 838 West Hastings Street, Vancouver, BC, V6C 0A6, Canada.

Mako is a gold mining and exploration company. The Company's primary asset is the San Albino mine, an open pit mine located in Nicaragua, which commenced commercial production on July 1, 2021. In addition to its mining operation, Mako continues to explore its other concessions in Nicaragua.

On March 8, 2023, the Company effected the consolidation of all of its issued and outstanding common shares on the basis of one new common share for ten previously issued and outstanding common shares.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), as applicable to the preparation of interim financial statements including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, they do not include all the information and notes to the consolidated financial statements required by IFRS for annual financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements for the year ended December 31, 2022.

These condensed interim consolidated financial statements were approved for issuance by the Board of Directors on May 26, 2023.

(b) Basis of presentation

The accounting policies and methods used in the preparation of these condensed interim consolidated financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the year ended December 31, 2022.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value.

(c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions, balances, revenues and expenses have been eliminated upon consolidation.

Subsidiaries are included in the condensed interim consolidated financial statements from the date of acquisition or control until the date of disposition or until control ceases. Control exists when the Company has exposure or rights to variable returns from its involvement with an entity, and the ability to affect those returns through its power over the entity.

The condensed interim consolidated financial statements of the Company include the following subsidiaries:

Subsidiary	Referred to as	Place of incorporation	Ownership interest	Principal activity
Gold Belt, S.A.	"Gold Belt"	Nicaragua	100%	Holds mineral interest in Nicaragua, exploration activities.
Nicoz Resources, S.A.	"Nicoz"	Nicaragua	100%	Holds mineral interest in Nicaragua, San Albino mine and exploration activities.
Mako US Corp.	"Mako US"	United States	100%	Incorporated on June 19, 2019, service company

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Outlined below are the key areas which require management to make significant estimates and assumptions in determining carrying values.

(a) Estimated mineral resources

Mineral resources are estimates of the amount of metal that can be extracted from the Company's properties, considering both economic and legal factors. The Company estimates the quantity and/or grade of its mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires judgments to interpret the complex geological data. Calculating mineral resources is based upon factors such as estimates of metallurgical recoveries along with geological assumptions and judgments made in estimating the size, and grade of the ore body. Changes in the mineral resources may affect the Company's financial position in a number of ways, including:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation charges in the Company's consolidated statement of comprehensive income (loss) may change when such charges are determined by the unit-of-production basis, or when the useful lives of assets change; and
- provision for reclamation liabilities balances may be affected as the estimated timing of reclamation activities is adjusted for changes in the estimated mine life as determined by the available mineral resources.

(b) Deferred income taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretation of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

(c) Impairment of non-current assets

Management applies significant judgment in its assessment and evaluation of asset or cash generating units at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties, plant and equipment. External sources of information considered are changes in the Company's economic, legal and regulatory environment, which it does not control, but affect the recoverability of its mining assets. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Calculating the fair value less costs of disposal of cash generating units for impairment tests requires management to make estimates and assumptions with respect to future production levels, operating, capital and closure costs, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

(d) Reclamation and remediation provisions

Reclamation and remediation provisions represent the present value of estimated future costs for the reclamation of the Company's mines and properties. These estimates include assumptions as to the cost of services, timing of the reclamation work to be performed, inflation rates, foreign exchange rates and interest rates. The reclamation and closure estimates are more uncertain the further into the future the activities are to be performed.

The actual cost to reclaim a mine may vary from the estimated amounts because there are uncertainties in factors used to estimate the cost and potential changes in regulations or laws governing the reclamation of a mine. Management periodically reviews the reclamation requirements as new information becomes available and will assess the impact of new regulations and laws as they are enacted. Any changes to assumptions will result in an adjustment to the provision which affects the Company's liabilities and either its mineral property, plant and equipment or statement of income.

(e) Depreciation, depletion and amortization

The Company uses the units of production method to deplete mineral properties and the straight-line method to amortize plant and equipment. The calculation of the unit of production rate and the useful life and residual values of plant and equipment, and therefore the annual depletion and depreciation expense, could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of changes in the Company's mine plans, changes in the estimation of mineral resources and changes in the estimated remaining life or residual value of plant and equipment.

(f) Stockpiled ore and ore in-circuit net realizable value

Management applies significant judgment in developing the NRV of stockpiled ore and ore in-circuit inventory, including assumptions related to estimated recoverable ounces of gold within stockpiled ore and ore in-circuit inventory, the estimated forecasted gold price per ounce, estimated costs of completion and selling expenses.

All tabular amounts are in thousands of United States dollars unless otherwise stated

4. RECEIVABLES

As at		March 31, 2023		December 31, 2022
Trade receivable	$	1,150	$	1,098
Other		169		82
	$	1,319	$	1,180

5. INVENTORIES

As at		March 31, 2023		December 31, 2022
Stockpiled ore	$	5,226	$	5,737
Ore in-circuit		1,244		1,566
Finished metal		263		261
Supplies and spare parts		2,626		2,407
	$	9,359	$	9,971

As at March 31, 2023, and December 31, 2022, ore in-circuit and finished metal were recorded at cost, and stockpiled ore was recorded at NRV. During the three months ended March 31, 2023, stockpiled ore was written down by $816,000 (2022 - $nil).

6. GOLD STREAM DERIVATIVE ASSET

Gold stream derivative asset arises from the amended gold stream agreement the Company entered into with Sailfish Royalty Corp ("Sailfish") (also refer to note 13(e)) in November 2018 whereby the Company received $1,096,051 (the "Gold Stream Advance") which was recorded as a credit to the mineral property. At that time, it was determined to be a disposition of mineral interest. In return for the Gold Stream Advance, the Company is required to deliver 4% of gold production to Sailfish and is to receive a payment at 25% of the market price of the gold delivered. Effectively the Company sold 4% of the property and is being paid for services relating to the processes required to obtain the finished metal. As the price of gold is not closely related to the price of the services being provided, the contract to provide these services contains an embedded derivative that requires separation from the host contract.

The contract to deliver to Sailfish its 4% of gold production, in return for 25% of the market value of the gold delivered, contains an embedded derivative that was previously of minimal value. This derivative consists of a "swap" of the variable payment based on the price of gold for the fixed price implied by the contract. As at March 31, 2023, this derivative was determined to be an asset of $326,198 (December 31, 2022 - $345,696) based on current spot and future gold prices, and projected deliveries under the contract, all of which is disclosed as a current asset in the statement of financial position.

For the three months ended March 31, 2023, the Company delivered a total of 338 (2022 – 373) ounces of gold to Sailfish, pursuant to this agreement. In exchange the Company received $159,691 (2022 - $174,549), resulting in a fair value movement on the derivative of $37,737 (2022 – $70,817) for the three months ended March 31, 2023.

All tabular amounts are in thousands of United States dollars unless otherwise stated

7. EXPLORATION AND EVALUATION ASSETS

The following exploration and evaluation assets (acquisition costs) are located in Nicaragua:

	Potrerillos	El Jicaro	Total
Balance, March 31, 2023 and December 31, 2022	$ 645	$ 120	$ 765

8. MINERAL PROPERTY, PLANT AND EQUIPMENT

	Mineral property	Plant	Land and Building	Equipment	Right-of-use asset	Total
Cost						
As at December 31, 2021	$ 10,309	$ 38,044	$ 3,247	$ 1,662	$ -	$ 53,262
Additions	-	780	2,144	1,916	353	5,193
Asset retirement obligation	499	-	-	-	-	499
Foreign currency translation adjustment	(259)	(82)	-	-	-	(341)
Deferred stripping	4,259	-	-	-	-	4,259
As at December 31, 2022	**$ 14,808**	**$ 38,742**	**$ 5,391**	**$ 3,578**	**$ 353**	**$ 62,872**
Additions	-	75	160	(61)	-	174
Asset retirement obligation	21	183	-	-	-	204
Deferred stripping	3,798	-	-	-	-	3,798
As at March 31, 2023	**$ 18,627**	**$ 39,000**	**$ 5,551**	**$ 3,517**	**$ 353**	**$ 67,048**
Accumulated depreciation						
As at December 31, 2021	$ 2,643	$ 5,632	$ 124	$ 1,101	$ -	$ 9,500
Depreciation	6,695	14,554	$ 22	787	29	22,087
Foreign currency translation adjustment	(179)	(35)	-	-	-	(214)
As at December 31, 2022	**$ 9,159**	**$ 20,151**	**$ 146**	**$ 1,888**	**$ 29**	**$ 31,373**
Depreciation	857	2,650	9	144	22	3,682
As at March 31, 2023	**$ 10,016**	**$ 22,801**	**$ 155**	**$ 2,032**	**$ 51**	**$ 35,055**
Net book value as at December 31, 2021	$ 7,666	$ 32,412	$ 3,123	$ 561	$ -	$ 43,762
Net book value as at December 31, 2022	$ 5,649	$ 18,591	$ 5,245	$ 1,690	$ 324	$ 31,499
Net book value as at March 31, 2023	$ 8,611	$ 16,199	$ 5,396	$ 1,485	$ 302	$ 31,993

All tabular amounts are in thousands of United States dollars unless otherwise stated

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at		March 31, 2023		December 31, 2022
Accounts payable and accrued liabilities	$	10,641	$	10,897
Lease liability (Note 9 (a))		82		99
Income taxes payable		180		208
Sailfish Loan payment accrual (Note 10 (b))		392		368
Surface rights acquisitions		800		1,050
Due to related parties (Note 13)		6		56
Total current liabilities	$	12,101	$	12,678
Non-current liability				
Surface rights acquisitions		-		200
Lease liability (Note 9 (a))		235		238
Accrued liabilities (Note 9 (b))		690		693
Total non-current liabilities		925		1,131
Total accounts payable and accrued liabilities	$	13,026	$	13,809

(a) Lease liability

As at	March 31, 2023	December 31, 2022
Opening balance	337	-
Additions	-	354
Lease payments made	(24)	(24)
Finance charges	4	7
Closing balance	317	337
Less: current portion	*(82)*	*(99)*
	235	238

The lease liability was discounted at a discount rate of 6%.

	$
Total lease payments payable for the next twelve months	99
Total lease payments payable for the next 1-3 years	206
Total lease payments payable for the next 4-5 years	44

(b) Severance Obligation

Non-current accrued liabilities as at March 31, 2023, include severance obligation for employees at the Company's operations in Nicaragua of $457,301 (December 31, 2022 - $410,482). The severance is computed based on the years of service at the average salary of the last six months of employment. Employees that work less than ten years have a maximum benefit of five months salaries. In some cases, those with more than ten consecutive years of service can receive an additional severance benefit of ten to twenty months salary when leaving the Company. The calculation is in line with labor regulations in Nicaragua.

All tabular amounts are in thousands of United States dollars unless otherwise stated

10. TERM LOANS

As at		**March 31, 2023**		**December 31, 2022**
Wexford Loan (Note 10 (a))				
Accrued interest and cash bonus interest accrual	$	5,698	$	5,405
		5,698		5,405
Principal		15,150		15,150
Principal repayments made		(8,285)		(8,285)
		6,865		6,865
Total Wexford Loan	$	12,563	$	12,270
Sailfish Loan (Note 10 (b))		1,745		2,789
Total Term Loans	$	14,308	$	15,059
Disclosed as follows:				
Current liabilities	$	14,308	$	2,789
Non-current liabilities		-		12,270
	$	14,308	$	15,059

(a) Wexford Loan

On February 20, 2020, the Company entered into a $15,150,000 unsecured loan facility (the "Wexford Loan") from Wexford Catalyst Trading Limited, Wexford Spectrum Trading Limited and Debello Trading Limited (collectively, the "Lenders"), each private investment funds managed by the Company's controlling shareholder, Wexford Capital LP ("Wexford Loan Agreement"). The Wexford Loan may be prepaid at any time, in whole or in part, at par plus accrued but unpaid interest, without penalty or premium ("Obligations Termination Date"). The Wexford Loan bears interest at the rate of 10% per annum thereafter, which interest is payable semi-annually on June 30th and December 31st each year. The Company paid a non-refundable up-front fee of $150,000 to the Lenders on the closing of the Wexford Loan. On August 12, 2022, the Lenders extended the maturity date from February 21, 2023 to March 31, 2024. Refer to note 19 (c).

As at March 31, 2023 and December 31, 2022, the Wexford Loan was fully drawn.

As at March 31, 2023, the accrued interest and cash bonus interest accrual, after the Company having received five waivers was as follows:

	$
Accrued interest and cash bonus interest accrual as at December 31, 2021	3,735
Accrued interest	1,093
Cash Bonus Interest – cash equivalent of 321.25 ounces of gold	577
Accrued interest and cash bonus interest accrual as at December 31, 2022	5,405
Accrued interest	256
Cash Bonus Interest – cash equivalent of 321.25 ounces of gold	37
Accrued interest and cash bonus interest accrual as at March 31, 2023	**5,698**

In accordance with the Wexford Loan Agreement, as the Wexford Loan was not repaid in full on the first anniversary of the closing date, then the Company must pay to the Lenders a cash bonus interest equal to the cash equivalent of 500 ounces of gold on each successive anniversary of the closing date ("Cash Bonus

Interest"). This resulted in the initial accrual of $933,493 and a further accrual of $331,264 in 2021. During the year ended December 31, 2022, the Company accrued an additional $577,203. During the three months ended March 31, 2023, the Company accrued an additional $37,262. To date, the Company has accrued for the cash equivalent of 1,000 ounces of gold.

The applicable formula set out in the Wexford Loan Agreement is the principal amount less any principal repayments divided by the total loan facility multiplied by the price of gold based on the closing London Bullion Market monthly average.

During the three months ended March 31, 2023, the Company recorded $293,374 (2022 - $903,902) of accrued interest and cash bonus interest on the Wexford Loan all of which has been expensed.

Fifth waiver
On August 12, 2022, the Company received a fifth waiver from the Lenders extending the maturity date from February 21, 2023 to March 31, 2024 when all amounts will be due and repayable in full.

Repayments
During the three months ended March 31, 2023, the Company made voluntary principal repayments of $nil (2022 - $3,500,000).

(b) Sailfish Loan and Derivative Liability

On August 27, 2021, the Company entered into a $8,000,000 unsecured gold-linked two-year term loan with Sailfish Royalty Corp. ("Sailfish"), a company related by common shareholders and a common director (the "Sailfish Loan"). The Sailfish Loan is to be repaid with 24 monthly payments, with each monthly payment equal to the cash equivalent of 205 ounces of gold at the average market gold price subject to a minimum price of $1,750 and a maximum price of $2,000 (the "Price Parameters").

Management determined that the Sailfish Loan is a debt contract with an embedded derivative. By fixing the number of ounces that would have to be repaid to satisfy the debt obligation, the Company is essentially entering into a commodity forward. As the price of gold is not closely related to the host debt contract, the forward is required to be separated from the host contract and accounted for at fair value, with any movements going through the statement of income.

The embedded derivative being the fact that the cash payment is variable as it is linked to the fluctuating price of gold with the Price Parameters of a cap at $2,000 and a floor at $1,750 acting as call and put options, respectively.

On March 2, 2023, the Sailfish Loan was modified whereby the remaining seven payments will be made in physical silver in lieu of cash. On March 10, 2023, the Company delivered 18,278 ounces of silver in lieu of $380,181 cash.

As at March 31, 2023, the Company revalued the embedded derivative within the Sailfish Loan and determined a $20,462 (December 31, 2022 - $17,605) fair value. Assumptions associated with the revaluation includes volatility of gold futures ranging from 14.8% to 15.5% (December 31, 2022 – 14.8% to 18.9%), risk free rate of 3.78% (December 31, 2022 – 4.07%), and the gold price at $1,828 (December 31, 2022 - $1,828) per ounce. As at March 31, 2023, the Company included in accounts payable an accrual of $392,110 for the Sailfish Loan payment that was made on April 5, 2023, based on the average gold price of $1,913 per ounce.

All tabular amounts are in thousands of United States dollars unless otherwise stated

As at December 31, 2022, the Company included in accounts payable an accrual of $368,332 for the Sailfish Loan payment that was made in cash on January 6, 2023, based on the December 2022 average gold price of $1,797 per ounce.

During the three months ended March 31, 2023, the Company paid three monthly instalment repayments totaling $1,137,732 (2022- $1,119,243).

During the three months ended March 31, 2023, the Company recorded $115,422 (2022 - $221,511) of finance expense accretion on the Sailfish Loan, and $2,857 (2022 - $82,947) of fair value adjustment on the Sailfish Loan.

	Sailfish Loan $	**Derivative Liability $**	**Total $**
As at December 31, 2021	6,675	89	6,764
Finance expense	*565*	-	565
Fair value adjustment	-	(71)	(71)
Loan repayments made	(4,467)	-	(4,467)
Change in accrual loan payment	(2)	-	(2)
As at December 31, 2022	2,771	18	2,789
Finance expense	115	-	115
Fair value adjustment	-	2	2
Loan repayments made	(1,137)	-	(1,137)
Change in accrual loan payment	(24)	-	(24)
As at March 31, 2023	1,725	20	1,745
Disclosed as follows:			
Current liabilities	1,725	20	1,745
Non-current liabilities	-	-	-
	1,725	20	1,745

All tabular amounts are in thousands of United States dollars unless otherwise stated

11. RECLAMATION AND REHABILITATION OBLIGATIONS

	San Albino Mine	La Trinidad Mine	Total
Balance, December 31, 2021	$ 1,246	$ 1,042	$ 2,288
Cash outflows for reclamation and rehabilitation activities	-	(49)	(49)
Changes in estimate	499	(185)	314
Accretion expense	75	5	80
Balance, December 31, 2022	**$ 1,820**	**$ 813**	**$ 2,633**
Cash outflows for reclamation and rehabilitation activities	-	(2)	(2)
Changes in estimate	204	4	208
Accretion expense	19	10	29
Balance, March 31, 2023	**$ 2,043**	**$ 825**	**$ 2,868**

As at	**March 31 2023**	**December 31 2022**
Disclosed as follows:		
Current portion	$ 823	$ 689
Long-term portion	2,045	1,944
	$ 2,868	$ 2,633

The Company has recognized liabilities relating to the La Trinidad mine and the San Albino Project and has determined that no significant closure and reclamation liabilities exist in connection with the activities on its other properties. The Company has calculated the present value of the closure and reclamation provision as at March 31, 2023, using the undiscounted estimate of cash outflows associated with reclamation activities as $3,029,455 (December 31, 2022 - $3,028,358), with $849,140 (December 31, 2022 - $848,043) associated to the La Trinidad mine and $2,405,912 (December 31, 2022 - $2,180,315) associated with the San Albino Project. The provision was determined using a discount rate of 3.71% - 4.64% (December 31, 2022 – 4.11% - 4.74%) and an inflation rate of 2.49% (December 31, 2022 – 2.44% - 2.52%). The Company intends to complete the reclamation activities on La Trinidad by the end of 2024.

12. SHARE CAPITAL

(a) Authorized – Unlimited number of common shares, without par value.

(b) Issued

(i) On March 8, 2023, the Company consolidated its shares on a ten-for-one basis. All share and per share amounts in these consolidated financial statements have been adjusted retroactively to reflect this change.

(ii) During the three months ended March 31, 2023, 75,190 common shares of the Company were issued on the vesting of 75,190 restricted share units and the fair value of $185,462 was transferred from contributed surplus to share capital (refer to Note 12 (e)).

All tabular amounts are in thousands of United States dollars unless otherwise stated

(iii) On October 19, 2021, the Company commenced a normal course issuer bid ("NCIB") whereby the Company intended to purchase up to a maximum of 3,296,545 common shares in the capital of the Company. All common shares acquired by the Company under the NCIB are to be subsequently cancelled. Purchases under the NCIB ended on October 18, 2022.

During the year ended December 31, 2022, the Company purchased 208,100 common shares for $494,815 (C$633,515) and allocated $289,238 (C$358,265) to deficit. These common shares were cancelled.

(iv) On November 30, 2022, 20,600 common shares of the Company were issued on the vesting of 20,600 deferred share units and the fair value of $50,812 was transferred from contributed surplus to share capital (refer to note 12 (f)).

(c) Share purchase warrants

On January 16, 2022, 3,550,000 share purchase warrants, exercisable at C$0.60 per warrant and 150,000 Broker Warrants, exercisable at C$0.40 per warrant expired unexercised.

As at March 31, 2023, the Company had no share purchase warrants outstanding.

(d) Share options

	For the three months ended March 31, 2023		**For the year ended December 31, 2022**	
	Number of options	WAEP	Number of options	WAEP
Opening balance	3,370,004	C$2.68	3,364,500	C$2.67
Granted	-	-	70,000	3.70
Forfeited	-	-	(5,000)	5.10
Expired	(15,000)	3.30	(59,500)	3.30
Ending balance	**3,355,004**	**C$2.67**	**3,370,000**	**C$2.68**
Options exercisable	3,267,504	C$2.63	3,240,000	C$2.63
Weighted average remaining contractual life (in years)	1.34		1.59	

WAEP = Weighted average exercise price

On March 9, 2022, the Company granted 70,000 stock options of the Company exercisable to acquire one common share of the Company at an exercise price of C$3.70 per share for a term of five years, expiring on March 9, 2027. The options vest as to 25% on the date of grant, and as to 25% on each of the first, second and third anniversary of the date of grant. The fair value of these options was calculated as $101,856 (C$130,800) using the Black-Scholes model.

During the three months ended March 31, 2023, the Company recorded share-based payments expense of $72,045 (2022 - $77,510) all of which is included in general and administrative expenses.

All tabular amounts are in thousands of United States dollars unless otherwise stated

(e) Restricted share units ("RSU")

On January 31, 2022, the Company granted 150,380 restricted share units ("RSU") to senior executives. Each RSU will vest 50% on the first anniversary of the grant date (being January 31, 2023), 25% on the second anniversary of the grant date (being January 31, 2024) and 25% on December 1, 2024. Once vested, each RSU is exercisable into one common share entitling the holder to receive the common share for no additional consideration. The fair value was C$0.32 per RSU with a total fair value of $370,925 (C$473,697) based on the market value of the underlying shares at the date of issuance.

For the three months ended March 31, 2023, total share-based compensation relating to RSUs was $35,181 (2022 - $43,386) of which all is included in general and administrative expenses.

At March 31, 2023, there were 75,190 (December 31, 2022 – 150,380) RSUs outstanding.

(f) Deferred share units ("DSU")

On January 31, 2022, the Company granted 131,840 deferred share units ("DSU") to the Company's directors. Each DSU will vest on the director's termination of service and is exercisable into one common share entitling the holder to receive the common share for no additional consideration or receive the cash equivalent or a combination thereof. The fair value was C$0.32 per DSU with a total fair value of $325,196 (C$415,296) based on the market value of the underlying shares at the date of issuance.

On November 30, 2022, following the departure of a board member, 20,600 DSU vested and 206,000 common shares of the Company were issued and the fair value of $50,812 (C$64,890) was transferred from contributed surplus to share capital.

For the three months ended March 31, 2023, total share-based compensation relating to DSUs was $17,257 (2022 - $13,636) of which all is included in general and administrative expenses.

At March 31, 2023, there were 111,240 (December 31, 2022 - 111,240) RSUs outstanding.

(g) The fair value of stock options and warrants are estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

For the three months ended	**March 31, 2023**		**March 31, 2022**	
	Options	**Warrants**	**Options**	**Warrants**
Risk-free interest rate	N/A	N/A	1.65%	N/A
Expected dividend yield	N/A	N/A	-	N/A
Expected stock price volatility	N/A	N/A	58.06%	N/A
Expected life in years	N/A	N/A	5 years	N/A
Forfeiture rate	N/A	N/A	0.00%	N/A
Weighted average fair value	N/A	N/A	C$1.91	N/A

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13. RELATED PARTY TRANSACTIONS

(a) Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprise the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Directors.

Three months ended March 31,		**2023**		**2022**
Director fees	$	93	$	51
Salaries, consulting and management fees		221		586
Share-based compensation		57		59
Total	$	371	$	696

As at		**March 31, 2023**		**December 31, 2022**
Amount included in accounts payable	$	6	$	56

During the three months ended March 31, 2023, the Company granted bonuses of $nil (2022 - $365,000) to three senior members of management and is disclosed in general and administrative expenses.

A special committee was set up in November 2022, comprised of two directors and each member of this committee receives $8,000 per month.

(b) Tes-Oro Mining Group, LLC ("Tes-Oro")

Tes-Oro is a private company controlled by the Company's Chief Operating Officer. Tes-Oro is a full-service engineering, procurement and construction management firm working with the Company. During the three months ended March 31, 2023, the Company expensed fees relating to consulting services of $683 (2022 - $4,086), reclamation and rehabilitation expenses of $7,389 (2022 - $nil) and $8,543 (2022 - $29,242) in general office expenses. Amounts payable to Tes-Oro as at March 31, 2023, were $1,749 (December 31, 2022 - $nil).

(c) Sonoran Resources, LLC ("Sonoran")

Sonoran is a private company controlled by the Company's Chief Operating Officer. Sonoran is a management, scientific, and technical consulting services industry firm which leases office equipment to the Company. During the three months ended March 31, 2023, the Company expensed fees relating to general office expenses of $nil (2022 - $1,574). Amounts payable to Sonoran as at March 31, 2023 were $nil (December 31, 2022 - $nil).

(d) Wexford LP ("Wexford")

Wexford is the Company's controlling shareholder. Except as noted elsewhere in the financial statements, during the three months ended March 31, 2023, the Company expensed fees of $nil related to transaction costs (2022 - $3,070). Amounts payable to Wexford as at March 31, 2023 were $nil (December 31, 2022 - $nil).

(e) Sailfish Royalty Corp. ("Sailfish")

Sailfish is a publicly traded company related by common shareholders, and a director. In addition to the Sailfish Loan (note 10 (b)), during the three months ended March 31, 2023, the Company's subsidiary Nicoz:

i. received advances of $204,650 (2022 - $170,405) for the purchase of gold ounces;
ii. sold 338 (2022 – 373) ounces of gold to Sailfish for $159,691 (2022 - $174,549) of which $121,955 (2022 - $61,539) is recorded as production services revenue and $37,737 (2021- $113,010) is included in the gain on gold stream derivative asset disclosed in the statement of income and comprehensive income.

As at March 31, 2023, the balance remaining from the advance received from Sailfish was $21,433 (December 31, 2022 – a balance of $23,556 was receivable from Sailfish).

14. FINANCIAL INSTRUMENTS AND LIQUIDITY RISK

Financial Instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable and the Term Loans. The carrying values of cash, receivables and accounts payable approximate fair value because of the short-term nature of these instruments or capacity of prompt liquidation.

The Company's derivative asset and liability is measured using level 3 inputs.

During the three months ended March 31, 2023 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

Liquidity risk

Liquidity risk represents the risk that the Company will be unable to meet its obligations associated with its financial liabilities as they fall due. The Company manages liquidity risk by preparing an annual budget for approval by the Board of Directors and preparing cash flow and liquidity forecasts on a regular basis. The Company's objective when managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations. The ability to do this relies on the Company collecting its trade receivables in a timely manner and maintaining sufficient cash on hand through debt financing.

As at March 31, 2023, the Company had cash and cash equivalents of $640,906 (December 31, 2022 -$523,262), a working capital deficit of $14,659,076 (December 31, 2022 – $3,253,887) and an accumulated deficit of $86,453,989 (December 31, 2022 - $87,840,695). Included in current liabilities is the Wexford loan with a balance of $12,562,902 as at March 31, 2023. The Company recorded net income of $1,386,704 for the three months ended March 31, 2023 (net loss for three months ended March 31, 2022 – $985,891); and for the three months ended March 31, 2023, had cash inflows from operating activities of $1,440,795 (for the three months ended March 31, 2022 - $6,289,620) and investing outflows of $364,846 (for the three months ended March 31, 2022 - $3,100,104). As discussed in note 19, subsequent to March 31, 2023, the Company extended the Wexford Loan term to March 31, 2025 and entered into a $6,000,000 silver stream agreement with Sailfish.

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Based on the Company's forecasted cash flows, the current cash on hand and subsequent events, the Company estimates that it will have sufficient liquidity to meet its working capital requirements for at least the next twelve months.

The following are the contractual maturities of financial liabilities:

At March 31, 2023	Carrying Amount $	Contractual Cash Flows $	Within 1 year $	1 to 2 years $	2 to 3 years $	3 to 6 years $
Accounts payable and accrued liabilities	13,026	13,026	12,101	396	72	457
Term loans and derivative	14,308	14,308	14,308	-	-	-
Asset Retirement Obligation	2,868	-	823	2	-	2,043
Total	30,202	27,334	27,232	398	72	2,500

15. SEGMENTED INFORMATION

For the three months ended March 31, 2023 and 2022, the Company's principal product was gold sold to the refinery at spot market rates by the Company's subsidiary, Nicoz. The gold was produced at the San Albino mine in Nicaragua.

For the three months ended March 31, 2023 and for the year ended December 31, 2022, all of the Company's significant non-current assets and revenues were in Nicaragua.

16. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in non-cash working capital comprise the following:

For the three months ended	**March 31, 2023**	**March 31, 2022**
Change in receivables	$ (19)	$ (1,083)
Change in inventories	(4,335)	3,403
Change in prepaid expenses, and other	(34)	(1,146)
Change in accounts payable and accrued liabilities	(624)	(140)
Change in due to related parties	(27)	2
	$ (5,039)	$ 1,036

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17. GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended	March 31, 2023	March 31, 2022
Accounting and legal	$ 143	$ 76
Consulting fees	8	-
Directors' fees	93	51
Depreciation	27	2
General office expenses	50	43
Insurance	138	98
Investor relations and communications	41	45
Rent	1	11
Salaries and benefits	840	1,165
Stock-based compensation	71	135
Telephone and IT services	31	43
Transfer agent fees and regulatory fees	27	45
Travel	21	27
	$ 1,491	$ 1,741

18. ACCRETION AND INTEREST EXPENSE

For the three months ended	March 31, 2023	March 31, 2022
Accretion on asset retirement obligation (Note 11)	$ 29	$ 12
Interest expense - Wexford Loan (Note 10 (a))	293	904
Interest expense – other	6	-
Finance costs on derivative liability (Note 10 (b))	115	221
	$ 443	$ 1,137

19. EVENTS AFTER THE REPORTING PERIOD

Except as disclosed in the notes above, the following events took place subsequent to March 31, 2023:

(a) Sailfish Loan
Two monthly repayment installments were made on the Sailfish Loan. On April 5, 2023 and May 5, 2023, the Company delivered 16,328 and 16,552 ounces of silver in lieu of $392,110 and $410,000 cash, respectively.

(b) On May 12, 2023, the Company granted 540,000 stock options to certain directors, officers, employees and consultants of the Company. Each stock option is exercisable at a price of C$2.13 for one common share in the Company for a period of five years vesting in four equal installments over a period of three years, with the first 25% vesting on the date of grant.

The Company also granted 38,829 RSUs to officers of the Company. Each RSUs will vest 50% on the grant date, 25% on the sixth month anniversary of the grant date and 25% on the second anniversary. Once vested, each RSU is exercisable into one common share entitling the holder to receive the common share for no additional consideration.

(c) On May 25, 2023, the maturity date of the Wexford Loan was extended from March 31, 2024 to March 31, 2025.

(d) On May 25, 2023, a $4,000,000 voluntary principal repayment was made on the Wexford Loan.

(e) On May 24, 2023, the Company entered into a silver stream agreement with Sailfish, whereby Sailfish will advance $6,000,000 for the delivery of 13,500 ounces of silver, produced at the San Albino mine, per month for a period of 24 months. Sailfish also has the option to purchase all remaining future silver production from all of the Company's concessions for an additional $1,000,000.